

1 presented by the owner to the holder by the date specified in
2 the published notice, claims should thereafter be filed with the
3 State Treasurer.

4 * * *

5 Section 3. The act is amended by adding articles to read:

6 ARTICLE XVI-B

7 BORROWING FOR CAPITAL FACILITIES

8 Section 1601-B. Scope.

9 This article relates to neighborhood improvement zones.

10 Section 1602-B. Definitions.

11 The following words and phrases when used in this article
12 shall have the meanings given to them in this section unless the
13 context clearly indicates otherwise:

14 "Capital Facilities Debt Enabling Act." The act of February
15 9, 1999 (P.L.1, No.1), known as the Capital Facilities Debt
16 Enabling Act.

17 "City." A city of the third class with, on the effective
18 date of this section, a population of at least 106,000 and not
19 more than 107,000, based on the 2000 Federal decennial census.

20 "Contracting authority." An authority created under 53
21 Pa.C.S. Ch. 56 (relating to municipal authorities) for the
22 purpose of designating a neighborhood improvement zone and
23 constructing a facility or other authority created under the
24 laws of this Commonwealth which is eligible to apply for and
25 receive redevelopment assistance capital grants under Chapter 3
26 of the act of February 9, 1999 (P.L.1, No.1), known as the
27 Capital Facilities Debt Enabling Act, and which is under a
28 contract with the Office of the Budget to receive those grants.

29 "Facility." A stadium, arena or other structure owned or
30 leased by professional sports organization at which professional

1 athletic events are conducted in the presence of individuals who
2 pay admission to view the event constructed or operated by the
3 contracting authority.

4 "Facility complex." A development or complex of residential,
5 commercial, exhibition, hospitality, conference, retail and
6 community uses which includes a stadium arena or other place
7 owned, leased or utilized by a professional sports organization
8 at which a professional athletic event or other events are
9 conducted in the presence of individuals who pay admission to
10 view the event.

11 "Fund." The Neighborhood Improvement Zone Fund established
12 under section 1604-B.

13 "Neighborhood improvement zone." A neighborhood improvement
14 zone designated by the contracting authority for the purposes of
15 neighborhood improvement and development within a city.

16 "Professional sports organization." A sole proprietorship,
17 corporation, limited liability company, partnership or
18 association that meets all of the following:

19 (1) Owns a professional sports franchise.

20 (2) Conducts professional athletic events of the sports
21 franchise at a facility.

22 "Qualified business." An entity authorized to conduct
23 business in this Commonwealth which is located or partially
24 located within a neighborhood improvement zone and is engaged in
25 the active conduct of a trade or business for the taxable year.
26 An agent, broker or representative of a business shall not be
27 considered to be in the active conduct of trade or business for
28 the business.

29 Section 1603-B. Facility.

30 The contracting authority may designate a neighborhood

1 improvement zone of not greater than 130 acres, in which a
2 facility or facility complex may be constructed, and may borrow
3 funds for the purpose of improvement and development within the
4 neighborhood improvement zone and construction of a facility or
5 facility complex within the zone.

6 Section 1604-B. Neighborhood Improvement Zone Fund.

7 (a) Special fund.--There is established a special fund known
8 as the Neighborhood Improvement Zone Fund. Interest income
9 derived from investment of the money in the fund shall be
10 credited by the Treasury Department to the fund.

11 (b) Calculation.--Within 60 days of the end of each quarter,
12 the Department of Revenue shall calculate the amounts under this
13 subsection for improvement and development in the neighborhood
14 improvement zone, the facility complex and the facility. The
15 contracting authority shall provide good faith estimates of
16 quarterly amounts to be calculated in a form and manner required
17 by the Department of Revenue. The Department of Revenue shall
18 estimate the quarterly amounts, subject to an annual
19 reconciliation, and shall certify the amounts to the Office of
20 the Budget within 90 days of the end of a fiscal quarter. An
21 entity collecting a local tax within the neighborhood
22 improvement zone shall, within 30 days of the end of a fiscal
23 quarter, submit all of the local taxes collected that are to be
24 calculated under this subsection to the State Treasurer for
25 transfer to the fund under subsection (d). The following shall
26 be the amounts calculated:

27 (1) An amount equal to all corporate net income tax,
28 capital stock and franchise tax, personal income tax,
29 business privilege tax, business privilege licensing fees and
30 earned income tax related to the ownership and operation of a

1 professional sports organization conducting professional
2 athletic events at the facility or facility complex.

3 (2) An amount equal to all of the following:

4 (i) All personal income tax, earned income tax and
5 local services tax withheld from its employees by a
6 professional sports organization conducting professional
7 athletic events at the facility or facility complex.

8 (ii) All personal income tax, earned income tax and
9 local services tax withheld from the employees of any
10 provider of events at or services to, or any operator of
11 an enterprise in, the facility or facility complex.

12 (iii) All personal income tax, earned income tax and
13 local services tax to which the Commonwealth would be
14 entitled from performers or other participants, including
15 visiting teams, at an event or activity at the facility
16 or facility complex.

17 (3) An amount equal to all sales and use tax related to
18 the operation of the professional sports organization and the
19 facility and enterprises developed as part of the facility
20 complex. This paragraph shall include sales and use tax paid
21 by any provider of events or activities at or services to the
22 facility or facility complex, including sales and use tax
23 paid by vendors and concessionaires and contractors at the
24 facility or facility complex.

25 (4) An amount equal to all tax paid to the Commonwealth
26 related to the sale of any liquor, wine or malt or brewed
27 beverage in the facility or facility complex.

28 (5) The amount paid by the professional sports
29 organization or by any provider of events or activities at or
30 services to the facility or facility complex of any new tax

1 enacted by the Commonwealth following the effective date of
2 this section.

3 (6) An amount equal to all personal income tax, earned
4 income tax and local services tax withheld from personnel by
5 the professional sports organization or by a contractor or
6 other entity involved in the construction of the facility or
7 facility complex.

8 (7) An amount equal to all sales and use tax paid on
9 materials and other construction costs, whether withheld or
10 paid by the professional sports organization or other entity,
11 directly related to the construction of the facility or
12 facility complex.

13 (8) An amount equal to all of the following:

14 (i) All corporate net income tax, capital stock and
15 franchise tax, personal income tax, business privilege
16 tax, business privilege licensing fees and earned income
17 tax related to the ownership and operation of any
18 qualified business within the neighborhood improvement
19 zone.

20 (ii) All personal income tax, earned income tax and
21 local services tax withheld from its employees by a
22 qualified business within the neighborhood improvement
23 zone.

24 (iii) All personal income tax, earned income tax and
25 local services tax withheld from the employees of a
26 qualified business that provides events, activities or
27 services in the neighborhood improvement zone.

28 (iv) All personal income tax, earned income tax and
29 local services tax to which the Commonwealth would be
30 entitled from performers or other participants at an

1 event or activity in the neighborhood improvement zone.

2 (v) All sales and use tax related to the operation
3 of a qualified business within the neighborhood
4 improvement zone. This subparagraph shall include sales
5 and use tax paid by a qualified business that provides
6 events, activities or services in the neighborhood
7 improvement zone.

8 (vi) All tax paid by a qualified business to the
9 Commonwealth related to the sale of any liquor, wine or
10 malt or brewed beverage within the neighborhood
11 improvement zone.

12 (vii) The amount paid a qualified business within
13 the neighborhood improvement zone of any new tax enacted
14 by the Commonwealth following the effective date of this
15 section.

16 (viii) All personal income tax, earned income tax
17 and local services tax withheld from personnel by a
18 qualified business involved in the improvement,
19 development or construction of the neighborhood
20 improvement zone.

21 (ix) All sales and use tax paid on materials and
22 other construction costs, whether withheld or paid by the
23 professional sports organization or other qualified
24 business, directly related to the improvement,
25 development or construction of the neighborhood
26 improvement zone.

27 (x) An amount equal to any amusement tax paid by a
28 qualified business operating in the neighborhood
29 improvement zone. No political subdivision or other
30 entity authorized to collect amusement taxes may impose

1 or increase the rate of any tax on admissions to places
2 of entertainment, exhibition, amusement or upon athletic
3 events in the neighborhood improvement zone which are not
4 in effect on the date the neighborhood improvement zone
5 is designated by the contracting authority.

6 (9) Except for a tax levied against real property, an
7 amount equal to any tax imposed by the Commonwealth or any of
8 its political subdivisions on a qualified business engaged in
9 an activity within the neighborhood improvement zone.

10 (c) Income apportionment.--For the purpose of making the
11 calculations under subsection (b), the taxable income of a
12 corporation that is a qualified business shall be apportioned to
13 the neighborhood improvement zone by multiplying the
14 Pennsylvania taxable income by a fraction, the numerator of
15 which is the property factor plus the payroll factor plus the
16 sales factor and the denominator of which is three, in
17 accordance with the following:

18 (1) The property factor is a fraction, the numerator of
19 which is the average value of the taxpayer's real and
20 tangible personal property owned or rented and used in the
21 neighborhood improvement zone during the tax period and the
22 denominator of which is the average value of all the
23 taxpayer's real and tangible personal property owned or
24 rented and used in this Commonwealth during the tax period
25 but shall not include the security interest of any
26 corporation as seller or lessor in personal property sold or
27 leased under a conditional sale, bailment lease, chattel
28 mortgage or other contract providing for the retention of a
29 lien or title as security for the sales price of the
30 property.

1 (2) The following apply:

2 (i) The payroll factor is a fraction, the numerator
3 of which is the total amount paid in the neighborhood
4 improvement zone during the tax period by the taxpayer
5 for compensation and the denominator of which is the
6 total compensation paid in this Commonwealth during the
7 tax period.

8 (ii) Compensation is paid in the neighborhood
9 improvement zone if:

10 (A) the person's service is performed entirely
11 within the neighborhood improvement zone;

12 (B) the person's service is performed both
13 within and without the neighborhood improvement zone,
14 but the service performed without the neighborhood
15 improvement zone is incidental to the person's
16 service within the neighborhood improvement zone; or

17 (C) some of the service is performed in the
18 neighborhood improvement zone and the base of
19 operations or, if there is no base of operations, the
20 place from which the service is directed or
21 controlled is in the neighborhood improvement zone,
22 or the base of operations or the place from which the
23 service is directed or controlled is not in any
24 location in which some part of the service is
25 performed, but the person's residence is in the
26 neighborhood improvement zone.

27 (3) The sales factor is a fraction, the numerator of
28 which is the total sales of the taxpayer in the neighborhood
29 improvement zone during the tax period and the denominator of
30 which is the total sales of the taxpayer in this Commonwealth

1 during the tax period.

2 (i) Sales of tangible personal property are in the
3 neighborhood improvement zone if the property is
4 delivered or shipped to a purchaser that takes possession
5 within the neighborhood improvement zone regardless of
6 the F.O.B. point or other conditions of the sale.

7 (ii) Sales other than sales of tangible personal
8 property are in the neighborhood improvement zone if:

9 (A) the income-producing activity is performed
10 in the neighborhood improvement zone; or

11 (B) the income-producing activity is performed
12 both within and without the neighborhood improvement
13 zone and a greater proportion of the income-producing
14 activity is performed in the neighborhood improvement
15 zone than in any other location, based on costs of
16 performance.

17 (d) Transfers.--

18 (1) Within ten days of receiving notification under
19 subsection (b), the Secretary of the Budget shall direct the
20 State Treasurer to, notwithstanding any other law, transfer
21 the amounts calculated under subsection (b) from the General
22 Fund to the fund.

23 (2) The State Treasurer shall provide quarterly payments
24 to the contracting authority until the bonds issued to
25 finance the improvement and development of the neighborhood
26 improvement zone and the construction of the contracted
27 facility or facility complex are retired. The payment in each
28 quarter shall be equal to the balance of the fund on the last
29 day of the prior calendar quarter.

30 (e) Restriction on use of funds.--Funds transferred under

1 subsection (d):

2 (1) May only be utilized for payment of debt service on
3 bonds issued for the improvement and development of all or
4 any part of the neighborhood improvement zone and the purpose
5 of constructing a facility or facility complex.

6 (2) May not be utilized for purposes of renovating or
7 repairing a facility or facility complex, except for capital
8 maintenance and improvement projects.

9 (f) Ticket surcharge.--The entity operating the facility may
10 collect a capital repair and improvement ticket surcharge, the
11 proceeds of which shall be deposited into the fund. The funds
12 shall be maintained and utilized as follows:

13 (1) The money deposited under this subsection may not be
14 encumbered for any reason and shall be transferred to the
15 entity for capital repair and improvement projects upon
16 request from the entity.

17 (2) Upon the expiration of the neighborhood improvement
18 zone under section 1606-B, any and all portions of the fund
19 attributable to the ticket surcharge shall be immediately
20 transferred to the contracting authority to be held in escrow
21 where they shall be unencumbered and maintained by the
22 contracting authority in the same manner as the fund. Upon
23 the transfer, any ticket surcharge collected by the operating
24 entity shall thereafter be deposited in the account
25 maintained by the contracting authority and dispersed for a
26 capital repair and improvement project upon request by the
27 operating entity.

28 Section 1605-B. Keystone Opportunity Zone.

29 Within 30 days of the effective date of this section, the
30 city shall apply to the department to decertify and remove the

designation of all or part of the Keystone Opportunity Zone in
accordance with section 309 of the act of October 6, 1998
(P.L.705, No.92), known as the Keystone Opportunity Zone,
Keystone Opportunity Expansion Zone and Keystone Opportunity
Improvement Zone Act. The department shall act on the
application within 30 days.

Section 1606-B. Duration.

The neighborhood improvement zone shall be in effect for a
period equal to the length of time of the bonds that are
initially issued.

ARTICLE XVI-E

OIL AND GAS WELLS

SUBARTICLE A

PRELIMINARY PROVISIONS

Section 1601-E. Definitions.

The following words and phrases when used in this article
shall have the meanings given to them in this subarticle unless
the context clearly indicates otherwise:

"Department." The Department of Conservation and Natural
Resources.

"Fund." The Oil and Gas Lease Fund established under the act
of December 15, 1955 (P.L.865, No.256), entitled, "An act
requiring rents and royalties from oil and gas leases of
Commonwealth land to be placed in a special fund to be used for
conservation, recreation, dams, and flood control; authorizing
the Secretary of Forests and Waters to determine the need for
and location of such projects and to acquire the necessary
land."

"Marcellus well." An active production well certified by the
Department of Environmental Protection as a well from which gas

